



# Indiana Department of Education

SUPPORTING STUDENT SUCCESS

## MEMORANDUM

TO: Superintendents and Charter School Sponsors

FROM: Debra Hinline, Director of School Financial Management

DATE: December 8, 2008

SUBJECT: Recalculation of 2007 Basic Grant

The 2007 school funding formula required use of the lesser of the 2006 or the 2007 Assessed Valuation (AV) in the calculation. In June 2008, the Department of Local Government Finance completed recertification of 2007 Assessed Valuations for several counties. Nineteen corporations are affected by this recertification. Eight corporations experienced no change in 2007 payment amounts. Two corporations were underpaid for 2007. Nine corporations were overpaid, and the overpayment exceeded \$7,000,000.00. In July we began recovering these 2007 overpayment amounts from the nine corporations' July through December monthly distributions. We now are able to recalculate and redistribute these funds to all school corporations and charter schools.

This distribution **does not** mean that school corporations will receive the full amount calculated under the 2007 formula. With this redistribution of funds, the formula still generates \$2,227,739.32 more than the 2007 calendar year cap. We are processing a reconciliation payment to be made on December 10, 2008, to 323 corporations and charter schools. Our intent is to make this payment before the end of the year and before the December 2008 payment. Remember that the starting point for 2008 payments is the prior year revenue, which we now have changed with this additional payment from 2007. We will make adjustments, as required, to December 15 payment amounts to school corporations, and we will then carry forward a corrected number into the 2009 funding formula.

Once the payment has been processed by the Auditor's Office, we will release the 2007 DOE54 reports for all corporations so you can see the final impact to your corporation. By taking the Total Basic Grant, subtracting the Appropriation/Spending Authority Reduction and adding the Appropriation/Spending Authority Reimbursement, you will be able to determine the amount to be carried forward into 2008.

For those corporations that have been reduced for the overpayment, there will be a slight downward adjustment to the recovery amount made in December to reflect the true overpayment amounts when we take audit corrections into consideration in this process. For the two corporations that were underpaid in 2007, your payment will reflect the under payment and will take into account the proportionate share of the cap reduction.

If you have questions on any of the above mentioned items, please do not hesitate to call me toll free at 866-234-1414 or locally at (317) 232-0840.